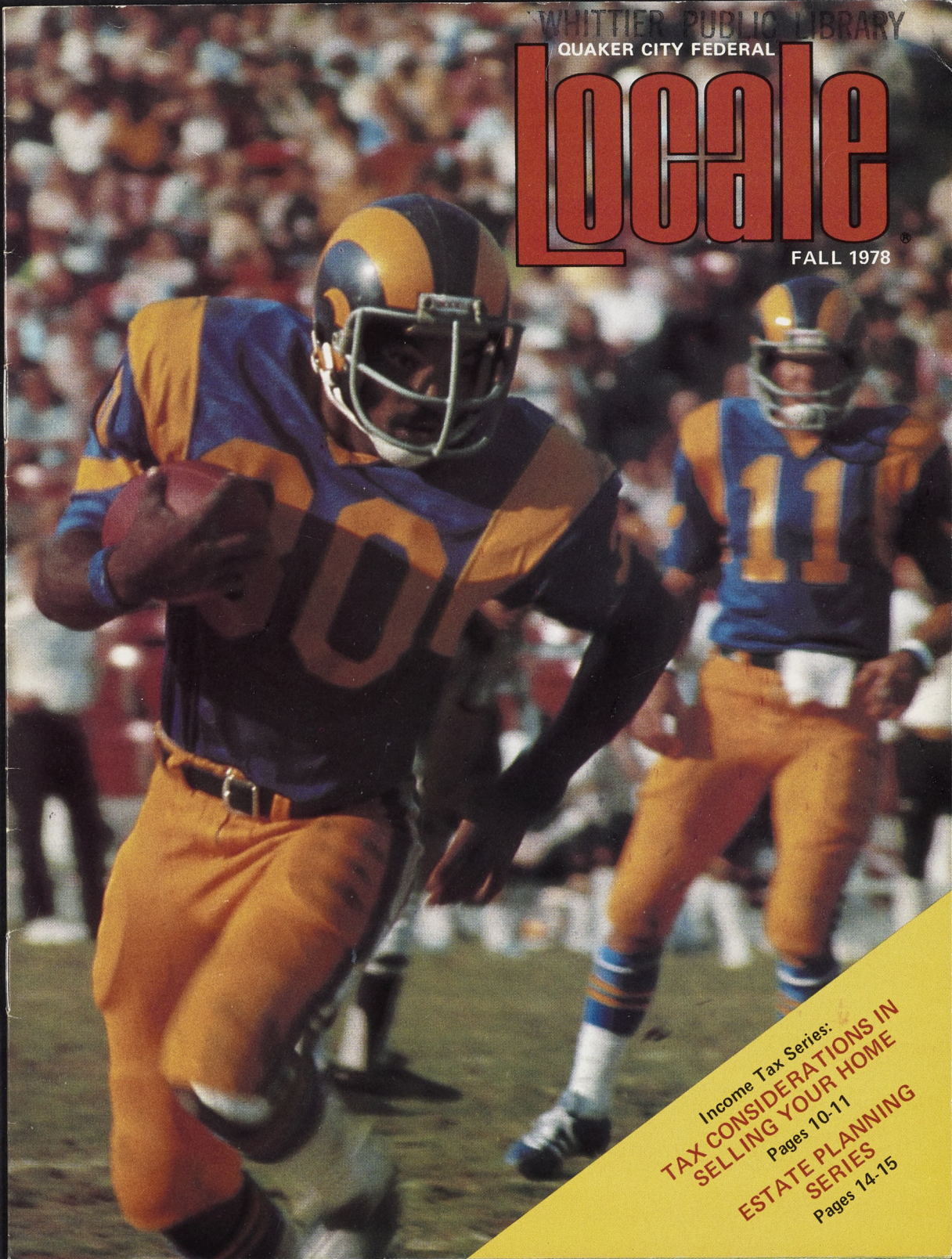


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QUAKER CITY FEDERAL

Locale

FALL 1978



Income Tax Series:
**TAX CONSIDERATIONS IN
SELLING YOUR HOME**
Pages 10-11
**ESTATE PLANNING
SERIES**
Pages 14-15

PIC OF THE PEOPLE

Photo capsules of people and events of interest to this Locale



WHITTIER HOSPITAL VOLUNTEERS are marking the 20th Anniversary of their founding. "The Added Touch" Gift Shop at the Hospital is run by both the volunteer Auxiliary (In-Service) and Guild (Fund Raising) members. Pictured in the cheerful shop are (left to right): Patty Hennessy, Gift Shop Co-Manager; Virginia Behling, President of the Guild; Vyvian Taylor, Gift Shop Co-Manager, and Marilyn Grimshaw, President of the Auxiliary. Auxiliary and Guild Gift Shop donations for the year 1977 were \$30,000 to the Medical Staff Library Fund and \$7,000 to the Nursing Scholarship Fund. Beginning with 13 dedicated women, the volunteer program has grown to encompass a total of 230 active Volunteers who donated over 41,000 hours of their time during 1977!

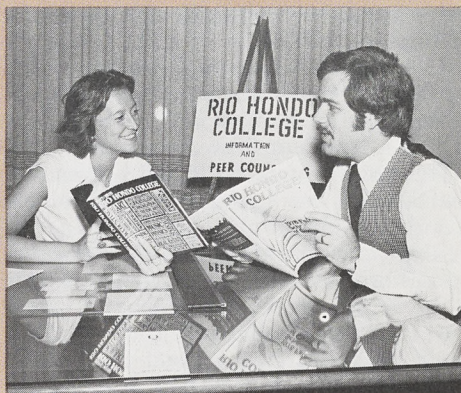
The Whittier **LOCALE** Magazine comes to you through the courtesy of Quaker City Federal Savings and Loan Association and is published quarterly by Locale Publishing Co., 1948 Riverside Drive, Los Angeles, California 90039. Copyright 1978 by Locale Publishing Co., Publisher and Editor, Mark Fuller; Feature Editor, Sue Jacobs; Art Director, Czeslaw Z. Banasiewicz.

FREE FULL COLOR RAMS POSTERS are being given away at all 5 Quaker City Federal Offices. D.W. Ferguson (left), President of the Association, and J.L. Thomas, Vice President-Secretary, enjoy looking over the extensive team information found on the back of the 22"x17" poster. The Rams will soon be moving even closer to Quaker Country and we're sure you'll enjoy this colorful look at them in action.



UNCLE SAM'S A SILENT PARTNER in the Individual Retirement Account and Keogh Accounts offered at Quaker City Federal Savings. Marilyn Lynch and Tom Gentry, Vice President, discuss the valuable tax deduction and tax deferred earnings aspects of these retirement plans. See pages 8 and 9 for details.

A NEW DIRECTIONS PROGRAM, recently developed by Rio Hondo College, forms the base for student recruitment and retention efforts. Peer Counselor Cheryl Plumber explains the program to Dave Snyder, Quaker City Federal staff member. Cheryl is available from 10 am to 3 pm each Friday at our Uptown Whittier Office for guidance and/or referrals regarding financial aide, career exploration and many other student counseling services.



One of a series about
Quaker Country
...THEN

THE SPIRIT OF BREa

Editor's Note. Information and historical photos for this article were graciously supplied by Frank Schweitzer, President of the Brea Historical Society. Our thanks also for the interest and help generated by Barbara Vasquez, Community Relations Assistant, City of Brea.

It is good for people to cherish their heritage. The past not only acts as undergirding for the present, it also lends perspective. To many people, a reference to history adds both spice and stability to modern living.

How strange and wonderful it is to walk the streets of Brea today and know that years ago the Shoshonean Indians roamed this same area. . .fishing in the streams, trapping small animals for food, and using the oil that seeped in Brea Canyon for their medicinal purposes.

On a quiet summer's night, perhaps one can almost hear the voices and laughter of Don Gaspar de Portola's Spanish soldiers who camped one night at the mouth of Brea Canyon in 1769.

And it seems almost possible to recreate the sight of Father Junipero Serra, founder of our California Missions, striding along paths that have long since disappeared.

The history of the land and surrounding area of what we now call Brea, continues through the period of Spanish rule and the exciting era of the great ranchos. We picture the pastoral scene of cattle grazing on the rolling hills and the panoramas of groves of citrus fruit and walnuts.

But it was the discovery and development of "black gold" that led to the birth of



Downtown Brea today reflects the city's earlier history in architecture with colorful renovation of older buildings — a project indicative of the spirit of Brea. All photos were taken along Brea Boulevard. The Brea Hotel, at lower left was built in 1913.



Brea. And the more recent history of the area is intimately intertwined with that of the oil industry.

It was in 1894 that the Union Oil Company purchased about 1,200 acres from the Stearns Ranch Co. on the west side of Olinda, and other companies soon followed including Brea Canyon Oil Co.; Columbia Oil Production Co.; E.L. Doheny; Chansolor-Western Oil Co.; Standard Oil Co.; Shell Oil Co. and Birch Oil Co.

From a relatively slow beginning, as drilling equipment and more sophisticated production methods developed, the oil fields boomed and men poured into the area lured by high wages.

The derricks then were of wood — but the men had to be made of iron, working 12 demanding hours a day. But there was time for relaxation on the weekend and local baseball was a favorite pastime. At first, many of the workers lived in quarters provided by the oil companies. Later, many of the families followed and homes and a school were built.

In 1908 the Ontario Investment Company filed a subdivision map in the County Recorder's office for a town to be called Randolph (probably after a Pacific Electric Railway engineer named Epes Randolph).

(continued on page 6)

(continued from page 5)

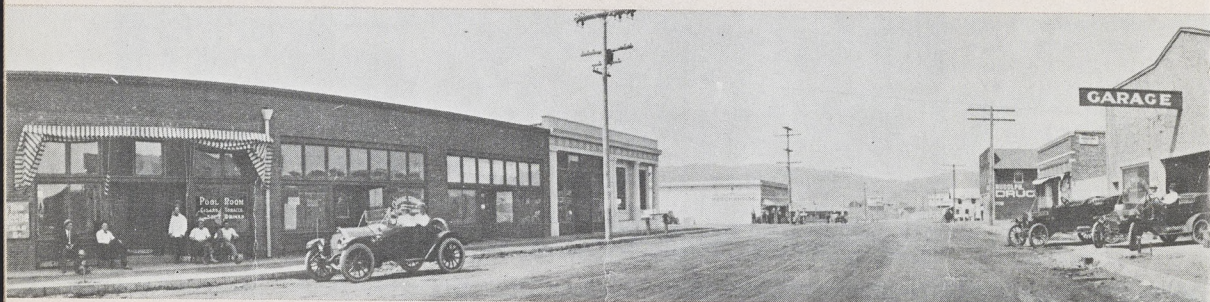
Apparently interest in the new community languished for a period of time and in 1911 a new map was filed including the same area, changing the name to Brea (which comes from the Spanish word meaning "tar" or "asphalt").

The streets of the young town were surfaced with oil and, with the exception of the business street — now called Brea Blvd. — there were no curbs or sidewalks.

Cedar Street, now Imperial Highway, was a wagon trail that could not be used during the rainy season.

But the town grew. Churches were built and a newspaper founded. Retail businesses multiplied as did satellite industries serving the oil fields.

In 1917 Brea was officially incorporated as Orange County's sixth oldest city. The population at that time was recorded as 732. Just two years later that figure had



Clockwise from lower left:

The original Sewell Building, one of the first business blocks in Brea, was destroyed by fire in 1913. This view of the rebuilt two story brick building was taken in 1919.

This charming scene, circa 1914, shows a typical residence in Brea Canyon.

A view looking north of Pomona Ave. was taken in 1913.

The Congregational Church was first located at the southwest corner of Brea Blvd. at Birch Street.

The 1915 PTA for Randolph School proudly pose for the camera.

Mr. & Mrs. Frank Schweitzer Sr. get ready for a ride in their 1907 Ford in Olinda. There were 44 cars registered in Brea in 1916.

The early history of Brea was dominated by the oil fields. This view was taken in 1916.



doubled and the town had "settled in".

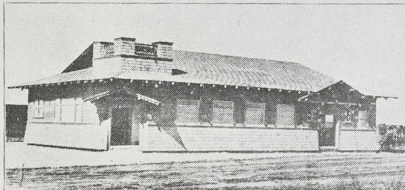
Through the roaring 20's, the depression and war years, and the booming 50's the city continued to change and grow. . . but it still retained the spirit and flavor of the best qualities of life found in a small community — friendliness, cooperation, cohesiveness.

In the 1960's the people of Brea took a look at the probable large increase in population in their locale and undertook

challenging and sensible plans to prepare for the influx of new families and new businesses. They also began a downtown revitalization program that includes the renovation of older buildings to reflect a turn-of-the-century Victorian motif — thus preserving some of the city's colorful heritage.

Today Brea is a city that reaches toward the future with daring and eagerness even while it cherishes and nurtures the best of its vigorous past.

The Pastor and the Congregation
Welcome You to the
DEDICATION
OF
Brea Congregational Church

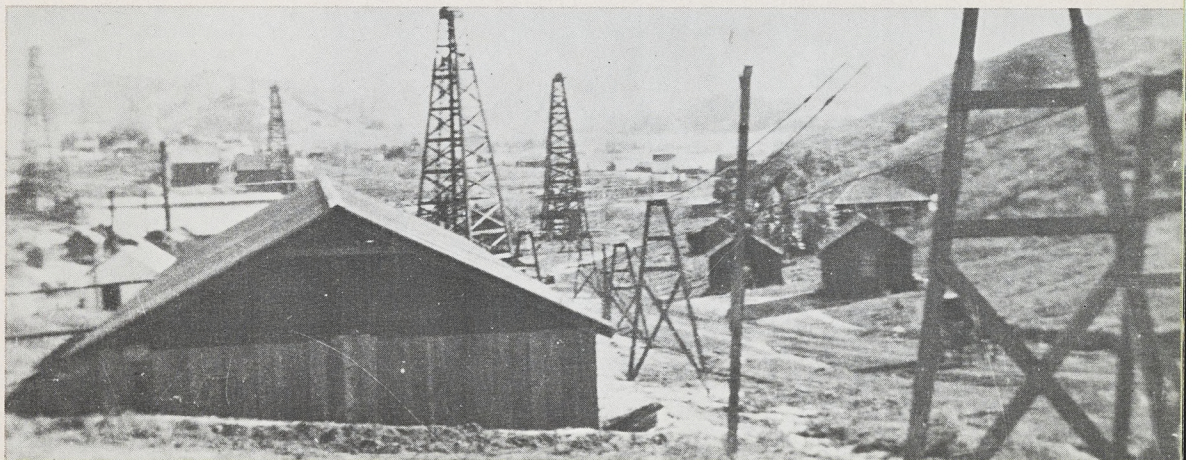


THE OIL MAN'S CHURCH
Brea, California
SUNDAY, AUGUST FIRST
NINETEEN-FIFTEEN



*Rejoice with us and be glad; for this is the Lord's
day and the dedication of His holy temple.*

PROGRESS PRINT, BREa



TAX DEDUCTIBLE **Savings Deposits with** **TAX DEFERRED** **Guaranteed Earnings!**



*Take
advantage of
Uncle Sam's
Helping Hand
Now!*

Ouch! Those taxes hurt! And here at Quaker City Federal — with an assist from Uncle Sam and the state of California — we want to help you with Tax Deductible Savings Deposits and Tax Deferred earnings when you open a Keogh or Individual Retirement Account.

With one of these accounts, individuals can salt away funds for retirement years while deducting contributions from current Federal and State income taxes... year after year after year. Interest, too, is deferred until funds are distributed.

Basically, here's how an **Individual Retirement Account (IRA)** works. If you are not currently covered by some type of qualified Employer Retirement Plan, if you have earned income and if you are under 70½ years of age, you can open your IRA today and make one or more tax deductible savings deposits through Feb. 14 of 1979 which will apply to your 1978 taxes.

These contributions can total up to 15% of your qualifying income or a maximum of \$1,500 — a valuable tax deduction! In addition, you do not pay tax on the interest these funds earn until you begin withdrawing from your plan.

If both man and wife meet the IRA qualifications, each can have a separate account for contributions. In the case where one marriage partner does not receive earned income, a **Spousal IRA** can be established. Under this plan, each year that both spouses qualify, a total contribution of 15% of up to \$1,750 can be made, provided an equal amount is contributed for each spouse. (For example, \$875 each for husband and wife would make a total maximum contribution of \$1,750.)

The **Keogh (HR-10) Savings Plan** is a profit sharing retirement plan for those people who are self-employed and certain qualified employees (such as a doctor, lawyer, merchant, artist). Under this retirement plan, contributions can be made for 15% of your annual net earnings before tax up to a maximum of \$7,500, which are deductible from your gross income. Taxes on interest earned are deferred also until retirement years.

Whichever kind of Retirement Account you are investigating it's important to remember these outstanding features.

\$ You are building future security for yourself and your family during your high income years.

\$ You are wisely taking tax deduction advantages that are offered to you by both the Federal and State Governments.

\$ Earnings on your funds are deferred until distribution upon retirement.

\$ When you do retire, and you begin to enjoy the benefits of distribution, chances are your taxable income will be lower. You select the method of distribution also: lump sum, monthly payments or a combination of both.

\$ You can select the account which fits your situation best. Besides our Regular Passbook Account we have a wide variety of high yielding Term Certificates up to our new 8% Savings Account which yields 8.33% a year with daily compounding.

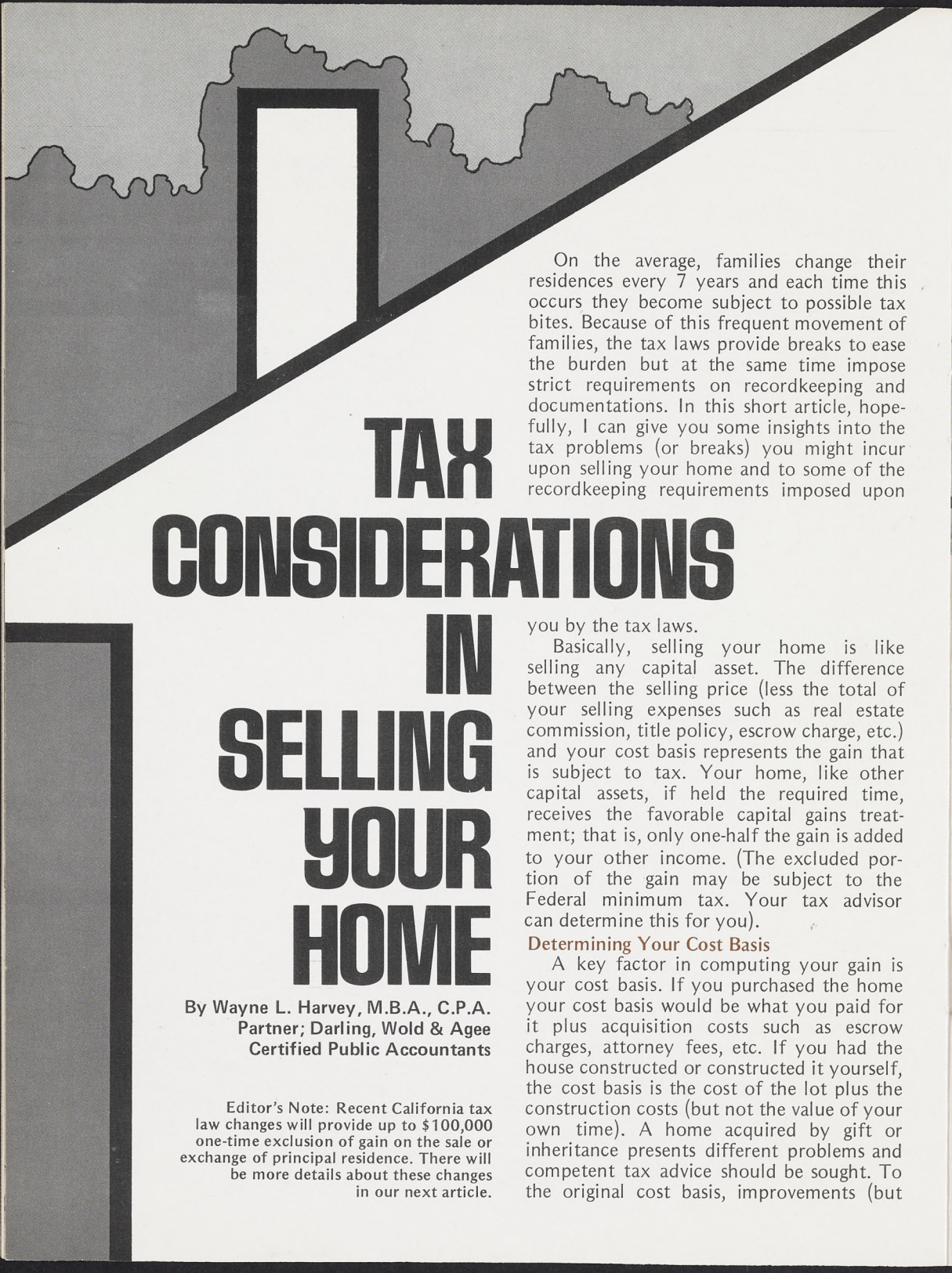
\$ You have complete deposit flexibility. You can make one or as many deposits as you wish in any amount (up to the maximum allowed).

\$ With just a \$500 minimum account balance you qualify for these free services: Money Orders, Safe Deposit Box, Telephone Bill Payments, Travelers Checks, Trust Deed Collections and Photo Copies.

\$ Your funds are insured by a Federal agency up to \$40,000. They are further backed by sound, local management here at Quaker City Federal plus reserves far in excess of Federal requirements.

Quaker City Federal's IRA and Keogh Plans have been approved by the IRS and complete control of the Plan is local. The Association is not dependent upon a big city Bank Trust Department or Trust Company for decisions.

Quaker City Federal has been serving the savings and home loan needs of this locale for over half a century. We invite you to come into any of our five convenient locations in Los Angeles and Orange County to talk over the kind of Retirement Plan that is best for you.



TAX CONSIDERATIONS IN SELLING YOUR HOME

By Wayne L. Harvey, M.B.A., C.P.A.
Partner; Darling, Wold & Agee
Certified Public Accountants

Editor's Note: Recent California tax law changes will provide up to \$100,000 one-time exclusion of gain on the sale or exchange of principal residence. There will be more details about these changes in our next article.

On the average, families change their residences every 7 years and each time this occurs they become subject to possible tax bites. Because of this frequent movement of families, the tax laws provide breaks to ease the burden but at the same time impose strict requirements on recordkeeping and documentations. In this short article, hopefully, I can give you some insights into the tax problems (or breaks) you might incur upon selling your home and to some of the recordkeeping requirements imposed upon

you by the tax laws.

Basically, selling your home is like selling any capital asset. The difference between the selling price (less the total of your selling expenses such as real estate commission, title policy, escrow charge, etc.) and your cost basis represents the gain that is subject to tax. Your home, like other capital assets, if held the required time, receives the favorable capital gains treatment; that is, only one-half the gain is added to your other income. (The excluded portion of the gain may be subject to the Federal minimum tax. Your tax advisor can determine this for you).

Determining Your Cost Basis

A key factor in computing your gain is your cost basis. If you purchased the home your cost basis would be what you paid for it plus acquisition costs such as escrow charges, attorney fees, etc. If you had the house constructed or constructed it yourself, the cost basis is the cost of the lot plus the construction costs (but not the value of your own time). A home acquired by gift or inheritance presents different problems and competent tax advice should be sought. To the original cost basis, improvements (but

not repairs) may be added. An improvement is something that materially adds to the value of your home, appreciably prolongs its useful life or adapts it to new uses, such as; a new roof, a room addition, a tennis court, a swimming pool or the like, where a repair merely maintains the home in an "ordinary efficient operating condition", such as; repainting, fixing leaky pipes or replacing broken window panes.

Not enough emphasis can be placed on the proper recordkeeping and documentation relative to your original cost basis and improvements. It is important to retain the original escrow statement, construction contract, proof of improvements (cancelled checks and invoices) for if you don't, you run the risk of forgetting to deduct items to which you are entitled or not being able to substantiate the deduction if your return should be audited.

Special Tax Breaks Available on Selling Your Home

The tax laws presently contain two specific breaks on the sale of your home not available on the sale of other assets.

The first applies if you purchase a new personal residence within eighteen months before or after you sell the old home. Under this provision, if the cost of your new home equals or exceeds the *adjusted* sales price of your old home, then no gain is reportable. If it does not exceed the adjusted sales price then the difference, up to the amount of the gain, is currently reportable. The gain that is not reportable reduces the cost basis of your new home which means that it will become subject to tax at some time in the future; that is, at the time you should sell the residence and not reinvest in another. The following three examples illustrate this principal:

	Example		
	#1	#2	#3
Adjusted sales price of old residence	\$62,500	\$62,500	\$62,500
Gain on sale of old residence	21,500	21,500	21,500
Purchase price of new residence	65,000	57,500	40,000
Gain reportable	-0-	5,000	21,500
Gain not reportable	21,500	16,500	-0-
Cost basis of new residence	43,500	41,000	40,000

The adjusted sales price is defined as the sales price less selling expenses and 'fixing-up expenses'. "Fixing-up expenses" are expenses preformed on the old residence to assist in its sale and are only deductible in determining the gain not reportable *not* the amount of the gain itself. Qualifying items are those performed during the 90-day period before the sale contract resulting in the completed sale and paid for within 30 days after the sale.

The second break is available only to taxpayers who have reached their 65th birthday at the time of the sale. One further qualifying item is that you must have used the house as your residence for a period totaling at least five of the eight years before the sale. This rule provides that if the adjusted sales price, as discussed above, is less than \$35,000, no gain is reportable at the election of the taxpayer. (You are entitled to make this election only once.) If the adjusted sales price is more than \$35,000, only a portion of the gain may be excluded under the election. The amount excluded is computed by the following formula: $\$35,000 \div \text{adjusted sales price} \times \text{realized gain} = \text{tax-free gain}$. For example, if the adjusted sales price were \$65,000 and the gain was \$25,000, the excluded gain would be \$13,461 ($\$35,000 \div \$65,000 \times \$25,000 = \$13,461$). The remaining gain or \$11,539 would be subject to tax.

An Even Bigger Break is in the Making

Congress is considering a change that could be a real boon to homeowners: a once-in-a-lifetime election to exclude from tax the gain on the sale of a personal residence up to \$100,000. The proposal would make the election available to everyone, without regard to age, and would replace the present benefit available only to taxpayers 65 years old. It would apply to sales or exchanges after July 19, 1978, and to qualify you will have to have owned and occupied the home for the two years immediately preceding the sale.

Whether this proposal will become law is uncertain, and you should consult with your tax advisor before making a near term decision based on this new break.

Here in our locale Fall means Football and **ROOTING FOR THE RAMS**

It's that time again. The days are getting shorter, leaves are turning a bit, and there's a little chill in the air. Fall is here and so is what many observers are calling the national pastime — Football. Football at all levels — high school, junior college and university. Not to mention the many weekend enthusiasts at local parks and recreation areas. And then there's NFL Football.

We've enjoyed NFL action here with the Rams since 1946 when the team moved west from Cleveland and became the first Major League franchise on the West Coast. We've cheered those Rams on to 9 conference and division titles and one World's Championship in 1951. The Rams have given us 5 division titles in the last 5 years. This may be the year we go all the way. . .all the way to the Super Bowl!

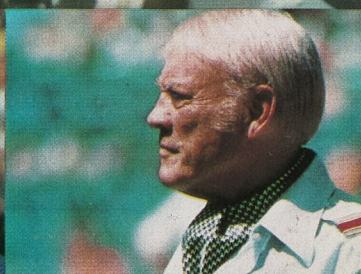
The pre-season games are behind us now and the season is underway. Coach Malavasi's Rams are again promising another NFL Western Division Title. This will be no time to settle back. We'll be on the edges of our seats all season as week by week the Rams push ever closer to victory. Exciting action is sure to unfold.

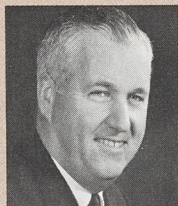
Photos courtesy of the Los Angeles Rams.

All the Rams games can be heard on KMPC 710 with Al Wisk calling the play by play and, of course, there will be 12 home games in the Los Angeles Coliseum. And leading the Ram fans in cheering the squad this year will be the new Rams cheerleaders, the Ewes. In 1980 the Rams move the action freeway close to Anaheim Stadium, which should be good news to many in Quaker Country.

Statistics make up a great deal of the game of football — wins and losses, quarterback pass completion percentages, yards rushing etc. You probably cannot fully appreciate a team's performance without some statistical insight. Quaker City Federal would like all Ram fans in Quaker Country to have a full color poster featuring dramatic Rams action shots along with vital statistics, team history, draft picks, team record book and Rams versus the NFL. There are also places for you to keep the Rams' '78 stats right up to the Super Bowl. All 5 Quaker City offices are saluting the Rams with this truly commemorative poster. Get yours while supplies last. . .and let's put the Rams on top in '78.







Q-TALK

BY D. W. FERGUSON
President of Quaker City
Federal Savings

As we enter the 4th quarter of 1978, inflation continues to be the nation's number one problem. Unfortunately, the tremendous import of oil products keeps our balance of trade unfavorable and has an important and negative effect on the value of the dollar in overseas markets.

Here at Quaker City Federal our immediate reaction to the passage of the anti-inflationary Proposition 13 was to arbitrarily reduce home loan impounds by 50% which helped all those home borrowers who are accumulating funds by this method for payment of real estate taxes.

This reduction in taxes should also assist new home buyers to qualify for loans due to the lower payments needed to meet housing costs.

It is often at this time of year that we suggest you open or add to a savings account here at Quaker City Federal in order to accumulate funds for payment of taxes — both property and personal income. With regard to the latter, we hope you will seriously consider the advantages of an Individual Retirement Account or Keogh Account — whichever is applicable to your situation. Please see the article on pages 8 - 9 for more information about these valuable tax deferred retirement accounts.

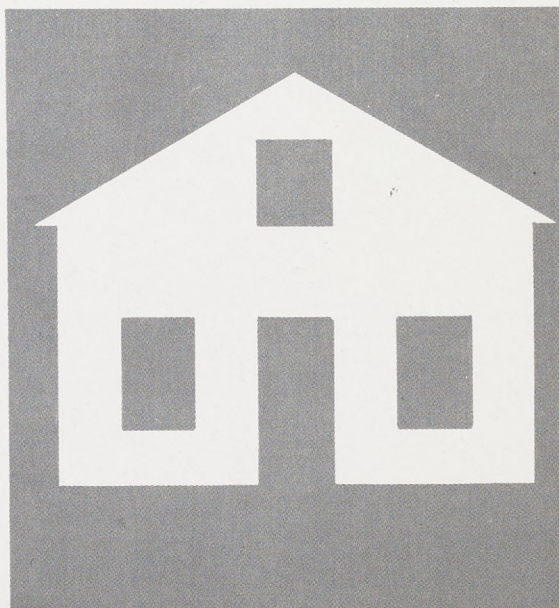
I am pleased to announce at this time that our new La Mirada Office is now under construction. We are looking forward to having an attractive and convenient facility from which to serve our savers and borrowers in the La Mirada area. We will keep you posted as the opening nears for this sixth office in our ever expanding Quaker Country.

by Frank C. Lester
Estate and Financial Planner
Mr. Lester is in private practice

There is no such thing as a timely death. Why is it that this event can trigger the destruction of the works of a lifetime of skill, brains, talent and very great effort? The inevitable event of death for which a property owner is improperly prepared can wreak havoc among those they cared for most in life. There is the possibility of the loss of a business, the loss of property, the unexpected change from security to insecurity of those they loved.

Many people will receive money from your estate *before* your family receives what is left. Taxes, fees, debts and administration expenses must be paid before an estate can be settled. The knowledge of what can happen to an estate may be valuable information to someone making plans for the protection of their own estate.

Recent studies of court records reveal that the majority of all estates lack suf-



Some Thoughts on Estate Planning...

ficient cash to pay the estate settlement expenses. Money must be raised to meet these costs before the remaining assets can be distributed among the beneficiaries. This means the forced sale of securities, real estate or business property in more than half of today's estates and forced liquidation of assets usually results in greater losses. Your dependents will receive only your *NET ESTATE* after the payment of debts, expenses, taxes and fees. Every dollar of unnecessary shrinkage is a dollar less for them.

Think of it! A lifetime of successful effort hanging in the balance and rescuable with just a few hours of time and foresight.

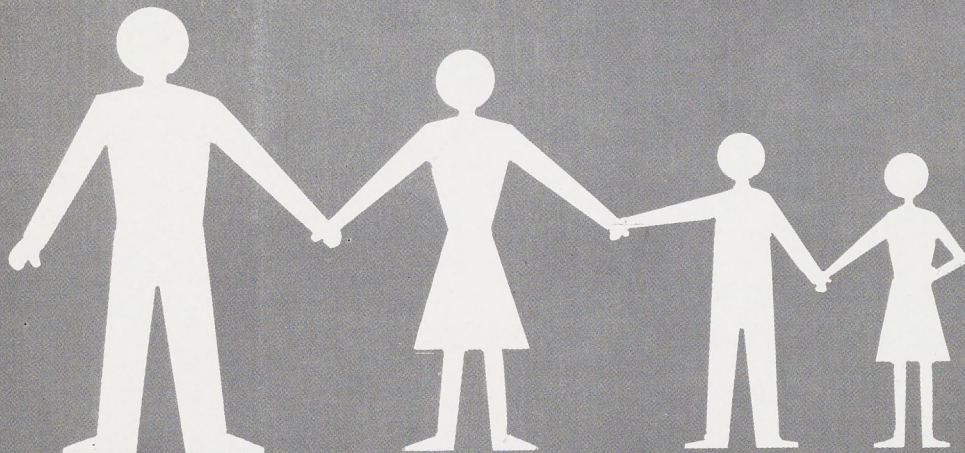
Most people are more conscious of income taxes than of estate settlement costs, death and gift taxes. This is to be expected because income taxes demand our immediate attention whereas estate

expenses tend to fall into the category of "we can take care of that later". This would be fine if we only knew when time would run out. However, in reality, it can always be later than we think.

Proper estate planning can sometimes bring attention to both current and future taxes inasmuch as death tax planning frequently results in substantial income tax savings.

The scope of planning requirements can range from simple situations requiring only the consultation of an attorney and the drafting of wills to full scale Estate Planning circumstances.

Editor's Note: This is the first in a series of articles on Estate Planning. Your comments will be appreciated. Address: Estate Planning Editor, P.O. Box 761, Whittier, Calif.



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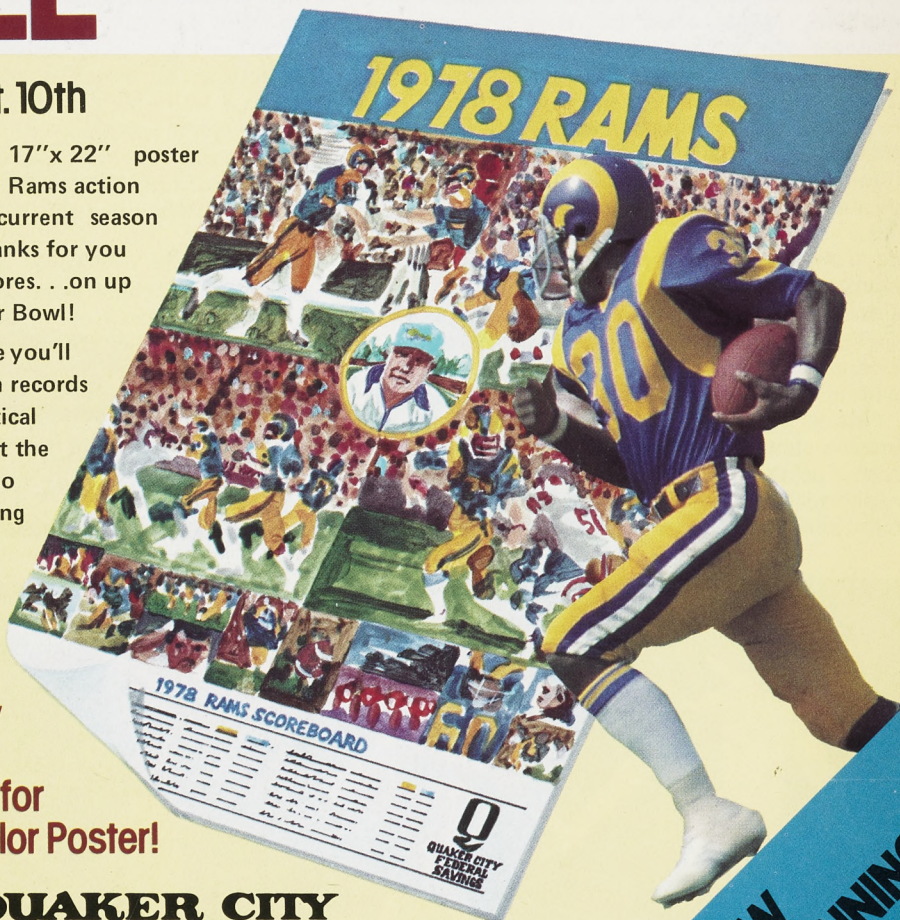
FREE RAMS 1978 POSTER

Through Oct. 10th

This handsome 17"x 22" poster features full color Rams action shots plus the current season schedule, with blanks for you to keep all the scores. . . on up to the 1979 Super Bowl!

On the reverse side you'll find history, team records and other statistical information about the exciting Rams who will soon be moving even closer to Quaker Country.

**Come
into any
Quaker City
Federal
Office Now for
Your Full Color Poster!**



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FEDERAL SAVINGS**
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**NEW
ESTATE PLANNING
SERIES**
See pages 14-15.